Black Money

*294. SHRI MATILAL SARKAR: Will the Minister of FINANCE be pleased to state:

(a) the amount of black money working in the open market of the country;

(b) how this black money is affecting the civic life of the people; and

(c) the efforts initiated by Government to unearth the role of black money and to minimise the figure to the maximum possible extent?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) There is no official estimate of the amount of black money presently in the country. At the instance of the Government, the National Institute of Public Finance and Policy (NIPFP) had in 1985 conducted a study "Aspects of Black Money in India" in which the amount of black money in the country in 1983-84 was estimated at between Rs. 31,584/- crore and Rs. 36,786/- crore.

(b) Black money leads to loss of revenue to the state exchequer which reduces the allocation of budgetary resources to social sectors like education, health, housing and other civic infrastructure. It also leads to wasteful expenditure, inequitable distribution of national resources and other economic and social problems.

(c) The Income-tax Department takes a number of steps to curb black money, including searches and seizures, surveys and scrutiny of Income-tax returns in appropriate cases. Amendments have also been made by the Finance (No. 2) Act, 2004 to intensify the efforts to curb black money. These include prosecution for falsification of books of accounts, taxing of gifts to unrelated persons above Rs. 25,000/-, etc. The Government has set up an Expert Group to recommend special schemes to unearth black money and assets.

The Prevention of Money Laundering Act (2002) seeks to prevent money-laundering and provides for confiscation of property derived therefrom.